

**PROCEEDING BEFORE THE HONORABLE ALLAN L. MCVEY
INSURANCE COMMISSIONER OF THE
STATE OF WEST VIRGINIA**

IN RE: CONTINENTAL CASUALTY COMPANY

**ADMINISTRATIVE PROCEEDING 18-MAP-02002
18-MC-THP-02000**

**AGREED ORDER ADOPTING REPORT OF
MARKET CONDUCT EXAMINATION, DIRECTING
CORRECTIVE ACTION AND ASSESSING PENALTY**

NOW COMES, The Honorable Allan L. McVey, Insurance Commissioner of the State of West Virginia, and issues this Order which adopts the Report of Market Conduct Examination for the targeted examination of Continental Casualty Company (hereinafter referred to as "Continental") for the examination period ending December 31, 2017, based upon the following findings, to wit:

PARTIES AND PURPOSE OF EXAMINATION

1. The Honorable Allan L. McVey is the Insurance Commissioner of the State of West Virginia (hereinafter the "Insurance Commissioner") and is charged with the duty of administering and enforcing, among other duties, the provisions of Chapter 33 of the West Virginia Code of 1931, as amended.
2. Continental is a foreign insurer, licensed to do business in West Virginia, and incorporated in Illinois.
3. This Targeted Market Conduct Examination was instituted as a result of the Final Order entered in Administrative Proceeding 17-AP-THP-02029. The Administrative Order concluded that Continental committed a single violation of W. Va. Code R. § 114-14-5.3, which constitutes a violation of W. Va. Code § 33-11-4(9)(b).
4. The primary purpose of this targeted examination was to determine Continental's

compliance with West Virginia Insurance laws relating to treatment of third party claimants. Examination information contained in the Market Conduct Report should serve only these purposes. The conclusions and findings of the Market Conduct Examination are public record.

FINDINGS OF FACT

1. The Targeted Market Conduct Examination reviewed and tested; complaint handling, claims practices and Company operations and management. The examination covered the period of operations from January 1, 2014 through December 31, 2017. The examination was conducted in accordance with West Virginia Code Section 33-2-9(c) by examiners duly appointed by the West Virginia Offices of the Insurance Commissioner.

2. A total of fourteen (14) standards were reviewed during this examination. The Company was compliant or predominately compliant in twelve (12), and non-compliant in two (2) standards.

3. The Targeted Market Conduct Examination revealed only one instance of non-compliance with West Virginia Code R §114-14-5.3 cited in Administrative Proceeding 17-AP-THP-02029. Continental was predominately compliant with this standard.

4. In addition, the exam found the following instance where Continental was found to be predominately compliant with state statutes or rules which were not included in the third party proceeding: One (1) claim violated W.Va. Code R. §114-14-6.3. Continental was also found to be non-compliant with the following state statutes or rules which were not included in the third party administrative proceeding: Ten (10) claims violated W. Va. Code R. §114-14-6.7 and twenty-four (24) claims violated W. Va. Code R. § 114-14-6.17.

5. The examiner filed with the Insurance Commissioner, pursuant to West Virginia Code Section 33-2-9(j)(2), a Report of Market Conduct Examination.

6. A true copy of the Report of Market Conduct Examination was sent to Continental.

Continental was notified that, pursuant to W.Va. Code §33-2-9(j)(2), it had thirty (30) days after receipt of the Report of Market Conduct Examination to file a submission or objection with the Insurance Commissioner. Continental has no objections and agrees to the entry of this Order.

7. Continental waives notice of administrative hearing, any and all rights to an administrative hearing, and to judicial review of this matter.

8. Any Finding of Fact that is more properly a Conclusion of Law is hereby adopted as such and incorporated in the next section.

CONCLUSIONS OF LAW

1. The Insurance Commissioner has jurisdiction over the subject matter and the parties to this proceeding.

2. This proceeding is pursuant to and in accordance with W.Va. Code §§33-2-9, and 33-11-4a.

3. The Insurance Commissioner is charged with the responsibility of verifying continued compliance with West Virginia Code and the West Virginia Code of State Rules by Continental as well as all other provisions of regulation that Continental is subjected to by virtue of its Certificate of Authority to operate in the State of West Virginia.

4. The violations found in the Report of Market Conduct Examination were not the result of any intentional or egregious conduct by Continental.

5. Continental has incurred violations of W. Va. Code R. §§114-14-6.7 and 114-14-6.17 as evidenced in the Report of Market Conduct Examination, but violations of these sections were not found in administrative proceeding 17-AP-THP-02029.

6. W. Va. Code R. § 114-14-5.3 (which constitutes a violation of W.Va. Code §33-11-4(9)(b)) is the section that was violated in administrative proceeding 17-AP-THP-02029. The market conduct examination determined that this violation did not occur with such frequency to

constitute a general business practice.

7. Any Conclusion of Law that is more properly a Finding of Fact is hereby incorporated as such.

ORDER

Pursuant to W.Va. Code §33-2-9(j), following the review of the Report of Market Conduct Examination, the examination work papers, and Continental's response thereto, if any, the Insurance Commissioner and Continental have agreed to enter into this Agreed Order adopting the Report of Market Conduct Examination. The Parties have further agreed to the imposition of an administrative penalty against Continental as set forth below.

It is accordingly AGREED and ORDERED as follows:

(A) The Report of Market Conduct Examination of Continental for the period ending December 31, 2017, is hereby ADOPTED and APPROVED by the Insurance Commissioner;

(B) It is AGREED and ORDERED that Continental will comply with the statutes, rules and regulations of the State of West Virginia concerning any claims so handled in this State and more specifically the provisions enumerated herein.

(C) It is further AGREED and ORDERED that within thirty (30) days of the next regularly scheduled meeting of its Board of Directors, Continental shall file with the West Virginia Insurance Commissioner, in accordance with W.Va. Code §33-2-9(j), affidavits executed by each of its directors stating under oath that they have received a copy of the adopted Report of Market Conduct Examination and a copy of this ORDER ADOPTING REPORT OF MARKET CONDUCT EXAMINATION AND DIRECTING CORRECTIVE ACTION;

(D) It is further AGREED and ORDERED that Continental shall ensure compliance with the West Virginia Code and the Code of State Rules. Continental shall continue to monitor its compliance with W.Va. Code § 33-11-4(9)(b), W. Va. Code R. §§114-14-5.3, 114-14-6.3, 114-

14-6.7, and 114-14-6.17.

(E) It is further AGREED and ORDERED that Continental SHALL FILE a Corrective Action Plan which will be subject to the approval of the Insurance Commissioner. The Corrective Action Plan shall detail Continental's changes to its procedures and/or internal policies to ensure compliance with the West Virginia Code and incorporate all recommendations of the Insurance Commissioner's examiners and address all violations specifically cited in the Report of Market Conduct Examination. The Corrective Action Plan outlined in this Order must be submitted to the Insurance Commissioner for approval within thirty (30) days of the entry date of this Agreed Order. Continental shall implement reasonable changes to the Corrective Action Plan if requested by the Insurance Commissioner within thirty (30) days of the Insurance Commissioner's receipt of the Corrective Action Plan. The Insurance Commissioner shall provide notice to Continental if the Corrective Action Plan is disapproved and the reasons for such disapproval within thirty (30) days of the Insurance Commissioner's receipt of the Corrective Action Plan.

(F) It is AGREED and ORDERED that Continental shall pay an administrative penalty to the State of West Virginia in the amount of Seven Thousand Five-Hundred Dollars (\$7,500.00) for non-compliance with the West Virginia Code and West Virginia Code of State Rules as described herein. The payment of this administrative penalty is in lieu of any other regulatory penalty or remedy and is due within thirty (30) days of the entry of this order.

(G) It is AGREED and ORDERED that all such statutory notices, administrative hearings and appellate rights are herein waived concerning this Report of Market Conduct

Examination and Agreed Order. All such rights are preserved by the Parties regarding implementation of formal action taken on such Order by the Commissioner against Continental.

Entered this 23rd day of May, 2018.


Allan L. McVey
Insurance Commissioner

REVIEWED AND AGREED TO BY:


Jeffrey C. Black, Associate Counsel
Attorney Supervisor-Compliance & Enforcement

Dated: 5/23/18

On Behalf of CONTINENTAL CASUALTY COMPANY

By: PETER MC (PETER)
Print Name

Its: SVP CLAIM

Signature: 

Date: 5-15-18

Report of Market Conduct Compliance Examination

As of December 31, 2017



**Continental Casualty Company
333 S. Wabash Avenue
Chicago, IL 60604**

**NAIC COMPANY CODE: 20443
Examination Number: WV-WV014-12**

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May 9, 2018

The Honorable Allan L. McVey, CPCU, ARM, AAI, AAM, AIS
West Virginia Insurance Commissioner
900 Pennsylvania Avenue
Charleston, West Virginia 25305

Dear Commissioner McVey:

Pursuant to your instructions and in accordance with West Virginia Code § 33-2-9, a Market Conduct examination has been made for the period of 01/01/2014 through 12/31/2017 on

Continental Casualty Company
333 S. Wabash Avenue
Chicago, IL 60604

hereinafter referred to as the "Company". The following report of the findings of this examination is herewith respectfully submitted.

PURPOSE AND SCOPE OF THE EXAMINATION

Market conduct examiners with the West Virginia Offices of the Insurance Commissioner (WVOIC) reviewed certain business practices of Continental Casualty Company. W. Va. Code §33-2-9 empowers the Commissioner to examine any entity engaged in the business of insurance. The findings in this report, including all work products developed in producing it, are the sole property of the WVOIC.

The purpose of this targeted examination was to determine the Company's compliance with West Virginia insurance laws relating to treatment of third-party claimants. Examination information contained in this report should serve only this purpose. The conclusions and findings of this examination are public record.

The basic business areas that were reviewed and tested under this examination were:

- Company Operations and Management
- Complaint Handling
- Claims Practices

EXECUTIVE SUMMARY

The examination began April 3, 2018 and concluded on April 27, 2018. The examination was called as a result of the Final Order entered in Administrative Proceeding No. 17-THP-02029/17-AP-THP-02029. The Administrative Order concluded that the Company was non-compliant with the following sections of the Unfair Claims Settlement Act by violating W.Va. Code § 33-11-4(9)(b) (failing to acknowledge and to act reasonably promptly to a complainant's letter) and W. Va. Code R. § 114-14-5.3 (failing to respond to a complainant's letter within fifteen (15) working days).

W. Va. Code § 33-11-4a(e) & (f) imply that, upon any finding that a company committed an unfair claims settlement practice with respect to a third-party claimant, the Commissioner determines whether the practice occurred with such frequency as to be construed as a general business practice of the Company. In this case, the Commissioner determined that the most efficient way to make this determination was through a targeted Market Conduct Examination. The examination primarily focused on third-party claims handling with attention to the Company's timely response to communications (Standard G4). Other standards from the Company Operations and Management Section, and Complaint Handling Section of the Market Regulation Handbook were also included within this examination report, which are further explained later in the report.

A total of fourteen (14) standards were reviewed for compliance during this examination. Of those fourteen (14) standards, the Company was compliant or predominantly compliant in twelve (12) and noncompliant in two (2) standards (G2 & G9).

The targeted market examination revealed the following violation of the W. Va. Code or Regulations cited in Administrative Proceeding 17-THP-02029/17-AP-THP-02029:

- The Company was predominantly compliant with Standard G4 as the examiners found only one (1) violation regarding W.Va. Code § 33-11-4(9)(b) (failing to acknowledge and to act reasonably promptly to a complainant's letter) and W. Va. Code R. § 114-14-5.3 (failing to respond to communication within fifteen (15) working days).

The following are areas of concern:

G2 – The Company did not send notices of necessary delays on ten (10) claims as required by W. Va. Code R. § 114-14-6.7.

G3 – The Company did not send a denial within ten (10) working days of completing its investigation on one (1) denied claim as required by W. Va. Code R. § 114-14-6.3 denial.

G9 – The Company failed to give claimants the option of contacting the Commissioner's Office, providing claimants with its mailing address, telephone number, and web site address on twenty-four (24) files as required by W. Va. Code R. § 114-14-6.17.

HISTORY AND PROFILE

Continental Casualty Company was incorporated under the laws of Illinois in 1948 under the temporary title of Concasco Casualty Insurance Company to act as the vehicle for the transfer of the corporate domicile of the Continental Casualty Company from Indiana to Illinois. The predecessor company was incorporated under the laws of Indiana and began business under the title Continental Assurance Company of North America in 1897. The present title was adopted November 1, 1900. On December 31, 2003, CNA Financial Corporation contributed all the outstanding shares of Continental Casualty Company to The Continental Corporation, an insurance holding corporation domiciled in the State of New York.

The Company's West Virginia written premium for 2016 was \$170, 441 and had a market share of 0.621% specific to their commercial liability line of business.

METHODOLOGY

The examination was conducted in accordance with the standards and procedures established by the National Association of Insurance Commissioners ("NAIC") and West Virginia's applicable statutes and regulations.

The examiners used the NAIC standards of 7% error ratio on claims tests (93% compliance rate) and 10% error ratio on all other tests (90% compliance rate) to determine whether an apparent pattern or practice of being compliant, predominantly compliant, or non-compliant existed for any given test. The entire third-party claims population was considered, there was no random sampling performed. The examiners observed, however, that the provided population of eighty-eight (88) third-party paid claims contained claims with the date of loss outside of the examination period, these were excluded for review, leaving a balance of fifty (50). During examiners' review of those paid claims, it was determined that one (1) was not within the West Virginia jurisdiction and five (5) were duplicate lines on the same claims, making six (6) non-applicable (N/A). This left a total of forty-four (44) paid claim files to review for compliance. On the denied/closed without payment (CWOP) population, to weigh the review towards actual denied claims, forty-two (42) claims labeled "claims not pursued" were excluded. Then claims with dates of loss outside the examination period were also excluded, leaving a balance of sixty-three (63). During review of those denied/cwop claims, it was determined the Company had included five (5) claims that were first-party claims, and these are included in the results table. Additionally, it was determined one (1) was not with the West Virginia jurisdiction, one (1) was a duplicate line, making two (2) considered N/A. This left a total of sixty-one (61) denied/cwop claim files to review for compliance.

Tests designed to measure the level of compliance with West Virginia statutes, rules and regulations were applied to the files. Each area of the examination has specific elements that were tested, and the and are listed below. The labeling convention for each business area and coinciding standard below was taken directly from the Market Regulation Handbook. As this was a third-party, targeted examination, not all standards and areas were reviewed. Included for review were areas from sections "A" for Operations and Management, "B" for Complaints and "G" for Claims. The examiners may not have discovered every unacceptable or non-compliant activity in which the Company is engaged. The failure to identify, comment on, or criticize specific practices does not constitute an acceptance of the practices by the West Virginia Offices of the Insurance Commissioner or its' designee. A compliance table follows containing results of each area of review with the compliance percentage for the Company and final examination results.

STANDARDS & REVIEW ELEMENTS

A7. RECORDS: Records are adequate, accessible, consistent and orderly and comply with state record retention and provided timely. (NAIC Market Regulation Handbook Chapter 16, § A Standard 7)

- Are the records adequate and accessible? [W. Va. § 33-11-4 and W. Va. Code R. §§ 114-14-3 & 15-4]

A9. RECORDS: The Company cooperates on a timely basis with the examiners performing the examination. (NAIC Market Regulation Handbook Chapter 16, § A Standard 9)

- Did the Company provide records and cooperate with examiners on a timely basis? [W. Va. §33-2-9 and W. Va. Code R. § 114-15-1 et seq.]

B1. COMPLAINTS: All complaints are recorded in the required format on a company complaint register, has compliant procedures in place and responds in a timely manner to complaints. (NAIC Market Regulation Handbook Chapter 16, § B Standards 1)

- Is the Company recording in a regulated complaint register all complaints from both the consumer and the Commissioner's Office? [W. Va. Code § 33-11-4(10)]

B2. COMPLAINTS: The regulated entity has adequate complaint handling procedures in place and communicates such procedures to policyholders. (NAIC Market Regulation Handbook Chapter 16, § B Standards 2)

- Does the Company have complaint procedures in place, and are they sufficient to satisfactorily handle complaints including tracking responses? [W. Va. §33-11-4(10) and W. Va. Code R. §114-14-5.2]

B3. COMPLAINTS: The Company takes adequate steps to finalize and dispose of the complaint in accordance with applicable statutes, rules, and regulations, and contract language. (NAIC Market Regulation Handbook Chapter 16, § B Standards 3)

- Does the Company take adequate steps to finalize and dispose of the complaint as required by W. Va. §33-11-4(10) and W. Va. Code R. § 114-14-5.2?

B4. COMPLAINTS: The timeframe within which the regulated entity responds to complaints is in accordance with applicable statutes, rules, and regulations. (NAIC Market Regulation Handbook Chapter 16, § B Standards 4)

- Is the Company responding to complaints in a timely manner, as required by W. Va. §33-11-4(10) and W. Va. Code R §§ 114-14-5.2 & 5.3?

G1. CLAIMS: Initial contact by the Company with the claimant is within the required timeframe. (NAIC Market Regulation Handbook Chapter 16, § G Standard 1)

- Was the claimant contacted within 15 working days (or mandated emergency order timeframe) from the date of the loss notice required by W. Va. Code § 33-11-4(9)(b) and W. Va. Code R. § 114-14-5.1?

G2. CLAIMS: Timely investigations are made. (NAIC Market Regulation Handbook Chapter 16, § G Standard 2)

- Did the investigation commence within fifteen (15) working days of any claim filed as required by W. Va. Code § 33-11-4(9)(c) and W. Va. R. § 114-14-6.2.a.?
- Did the Company promptly conduct and diligently pursue a thorough, fair and objective investigation and not unreasonably delay resolution by persisting in seeking information not reasonably required for or material to the resolution of the claim dispute as required by W. Va. Code R. § 114-14-6.1?
- Is the investigation continuing more than 30 calendar days? If so, was a notice of necessary delay sent within 15 working days after the 30 calendar days AND if the investigation continued, were subsequent notices of necessary delay sent with 45 calendar days as required by W. Va. Code R. § 114-14-6.7?

G3. CLAIMS: Claims are resolved in a timely manner. (NAIC Market Regulation Handbook Chapter 16, § G Standard 3)

- Did the Company affirm or deny coverage of claims within a reasonable time after proof of loss statements have been completed as required by W. Va. Code § 33-11-4(9)(e)?
- Did the Company deny the claim or make a written offer within ten (10) working days of completing its investigation as required by W. Va. Code R. § 114-14-6.3?
- Did the Company pay any amount agreed upon within (15) working days as required by W. Va. Code R. § 114-14-6.11?

G4. CLAIMS: The regulated entity responds to claim correspondence in a timely manner. (NAIC Market Regulation Handbook Chapter 16, § G Standard 4)

- Did the Company reply within fifteen (15) working days to pertinent communications from a claimant which reasonably suggests that a response is needed as required by W. Va. Code § 33-11-4(9)(b) and W. Va. Code R. § 114-14-5.3?

G5. CLAIMS: Claim files are adequately documented. (NAIC Market Regulation Handbook Chapter 16, § G Standards 5)

- Do the files contain all notes and work papers pertaining to the claim in such detail that pertinent events and the dates of such events can be reconstructed as required by W. Va. Code R. §§ 114-14-3, 114-15-4.2a & 114-15-4.4?
- Are the communications properly dated?

G6. CLAIMS: Claims are properly handled according with policy provisions and applicable statutes, rules and regulations. (NAIC Market Regulation Handbook Chapter 16, § G Standards 6)

- Did the Company attempt in good faith to effectuate prompt, fair and equitable settlements of claims in which liability has become reasonably clear as required by W. Va. Code §33-11-4(9)(f) and 114-14-6.4 & 6.10
- Was coverage checked for proper application of deductible or appropriate exclusionary language as required by W. Va. Code § 33-11-4(9)(a)?
- Is the claimant who is neither an attorney or represented by an attorney given written notice of that statute of limitation as required by W. Va. Code R. § 114-14-6.12?
- Does the Company ensure where liability and damages are reasonably clear, that no person recommends that third-party claimants make claim under their own policies solely to avoid paying claims under an insurer's insurance policy or insurance contract as required by W. Va. Code §33-11-4(9)(m)? and W. Va. Code R. §114-14-6.13?
- Does the Company ensure they do not require a claimant to travel unreasonably as required by W. Va. Code R. §114-14-6.14?
- Does the Company ensure that claim proceeds are used to pay premiums under another policy unless the insured consents as required by W. Va. Code §114-14-6.16?
- Does the Company ensure if it furnish to the claimant the names of one or more conveniently located motor vehicle repair shop that will perform the repairs that it doesn't require the claimant to use a particular repair shop or location to obtain the repairs as required by W. Va. Code R. §114-14-6.18?
- Did the Company adopt and communicate to all its claims agents written standards for prompt investigation and processing of claims in accordance with W. Va. Code R. § 114-14-8 (effective 4/24/2006)?

G9. DENIED/CWOP CLAIMS: Claims are handled in accordance with policy provisions and state law. (NAIC Market Regulation Handbook Chapter 16, § G Standard 9)

- Did the Company attempt in good faith to effectuate prompt, fair and equitable settlements of claims in which liability has become reasonably clear as required by W. Va. Code §33-11-4(9)(f) and 114-14-6.4 & 6.10
- Is the denial based upon specific policy provisions or exclusions, if so is the reason included in the denial as required by W. Va. Code § 114-14-6.5?
- Is the claimant provided with a reasonable basis for the denial when required by statute or regulation as required by W. Va. Code § 33-11-4(9)(n)?
- Does the Company provide the claimant not represented by an attorney a written notice that the claimant's rights may be affected by a statute of limitations to third-party claimants not less than sixty (60) days before the time limit expires as required by W. Va. Code § 114-14-6.12?
- Does the company refrain from recommending that a third-party claimant make claim under their own policies to avoid paying claims under an insurer's insurance policy or insurance contract as required by W. Va. Code § 114-14-6.13?

- Is the claimant given the option of contacting the Commissioner's Office and provided with its mailing address, telephone number, and web site address as required by W. Va. Code R. § 114-14-6.17?

G10. CLAIMS: Cancelled checks and drafts reflect appropriate claim handling practices. Payments are handled correctly. (NAIC Market Regulation Handbook Chapter 16, § G Standard 10)

- Do the checks include the correct payee and are they for the correct amount?
- Do payment checks indicate the payment is "final" when such is not the case?
- Do checks or drafts purport to release the insurer from total liability when such is not the case?

COMPLIANCE TABLE

<u>Review Section</u>	<u># Pass</u>	<u># Fail</u>	<u>N/A</u>	<u>Minimum Standard Compliance %</u>	<u>Compliance Result %</u>	<u>Examination Result</u>		
						Compliant	Predominantly Compliant	Non-Compliant
A7	1	0	N/A	N/A				
A9	1	0	N/A	N/A				
B1	7	0	0	90	100	X		
B2	N/A	N/A	N/A	N/A	100	X		
B3	7	0	0	90	100	X		
B4	7	0	0	90	100	X		
G1	105	0	8	93	100	X		
G2	95	10	8	93	90			X
G3	104	1	8	93	99		X	
G4	105	1	8	93	99		X	
G5	105	0	8	93	100	X		
G6	105	0	8	93	100	X		
G9	35	24	2	93	59			X
G10	44	0	6	93	100	X		

OBSERVATIONS

A7 – Records were adequate, accessible, consistent and orderly and comply with state record retention and provided timely.

A9 – The Company cooperated on a timely basis during the examination.

B1 – Seven (7) complaints were received through the WVOIC on the Company during the examination period. The Company recorded the complaints in a regulated complaint register all complaints from both the consumer and the Commissioner's Office and maintaining adequate documentation as required by W. Va. Code § 33-11-4(10).

B2 – The Company has complaint procedures in place and appear sufficient to satisfactorily handle complaints including tracking responses.

B3 – The Company took adequate steps to finalize and dispose of complaints.

B4 – The Company responds to complaints in a timely manner, including those from the WVOIC.

G1 – All claim files reviewed indicated the claimant contacted within 15 working days (or mandated emergency order timeframe) from the date of the loss notice.

G2 – Ten (10) claims, two (2) paid and eight (8) denied/cwop, were not sent required notices of necessary delay. Notices of necessary delay are required when the investigation continues more than 30 calendar days and if the investigation continued, subsequent notices of necessary delay are to be sent every 45 calendar days as required by W. Va. Code R. § 114-14-6.7. None of these claims received the initial notice of necessary delay, five (5) claims needed one (1) subsequent notice of necessary delay and two (2) claims needed two (2) subsequent notices of necessary delay, however a claim can only fail a standard once.

G3 – On one (1) denied claim the Company did not send a denial within ten (10) working days of completing its investigation as required by W. Va. Code R. § 114-14-6.3. The file indicates that the adjuster had been corresponding with and requested from the claimant photos of the claim location. The photos were received on 10/28/2016 and the file is noted on 11/22/2016 that the claim was to be denied, indicating investigation was complete, however, the file does not indicate the claimant was contacted regarding the denial.

G4 - One (1) claim file indicated that the Company did not reply within fifteen (15) working days to pertinent communications from a claimant which reasonably suggest that a response is needed as required by W. Va. Code R. § 114-14-5.3 and W. Va. Code § 33-11-4(9) (b). The Company received a demand package from the claimant attorney on 10/31/2016 and the file notes "review in greater duty w/in next 30 days". No response was given until 12/01/2016. The claim was settled on 12/15/2016.

Note: The result for this standard does not rise to a level as to constitute a business practice.

G5 – Claim files were adequately documented.

G6 - The Company complied with policy provisions applicable statutes, rules and regulations under this standard.

G9 – On twenty-four (24) claims that required a denial letter, the Company failed to give claimants the option of contacting the Commissioner's Office, providing claimants with its mailing address, telephone number, and web site address as required by W. Va. Code R. § 114-14-6.17. Note: The examiner observed during the review of form templates provided by the Company that none of the notices denying coverage benefits included this information.

RECOMMENDATIONS

G2 – The Company should ensure that all claim investigations continuing more than 30 calendar days are sent notices of necessary delay as required by W. Va. Code R. § 114-14-6.7.

G3 – The Company should ensure that either a denial or a written offer is made on a claim within ten (10) working days of completing its investigation as required by W. Va. Code R. § 114-14-6.3.

G4- The Company should ensure that all pertinent communications from a claimant which reasonably suggest that a response is needed is responded to within fifteen (15) working days as required by W. Va. Code R. § 114-14-5.3 and W. Va. Code § 33-11-4(9) (b).


Note: The result for this standard does not occur with such frequency to constitute a business practice.

G9 – The Company should ensure that claimants are given the option of contacting the Commissioner's Office, providing claimants with its mailing address, telephone number, and web site address as required by W. Va. Code R. § 114-14-6.17.

EXAMINER'S SIGNATURE AND ACKNOWLEDGEMENT

The examiner would like to acknowledge the cooperation and assistance extended by the Company during the examination.

In addition, to the undersigned, Letha Tate, MCM also participated in the examination.



Desiree D. Mauller, CIE, CWCP, MCM
Examiner-in-Charge

**EXAMINER'S AFFIDAVIT AS TO STANDARDS AND PROCEDURES USED IN
EXAMINATION**

State of West Virginia

County of Kanawha

I, Desiree D. Mauller, being duly sworn, states as follows:


1. I have the authority to represent West Virginia in the examination of Continental Casualty Company.
2. I have reviewed the examination work papers and examination report, and the examination of Continental Casualty Company was performed in a manner consistent with the standards and procedures required by West Virginia.

The affiant says nothing further.



Desiree D. Mauller, CIE, CWCP, MCM

Subscribed and sworn before me by Desiree D. Mauller on May 9th, 2018.



Notary Public

My commission expires: 10-11-2019

